

Ted Poretz (1667583)
Bingham McCutchen LLP
399 Park Avenue
New York, NY 10022-4689
Telephone: (212) 705-7000
Facsimile: (212) 752-5378

Attorneys for
SOUTH CHERRY STREET, LLC

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE BAYOU HEDGE FUND INVESTMENT
LITIGATION

06 MD 1755 (CM)

THIS DOCUMENT RELATES TO:

SOUTH CHERRY STREET, LLC,
Plaintiff,

- against -

HENNESSEE GROUP LLC,
ELIZABETH LEE HENNESSEE and
CHARLES GRADANTE,

Defendants.

No.: 06-cv-002943 (CM)

Electronically Filed

DECLARATION OF FRED GROOTHUIS

STATE OF COLORADO)
)ss.:
COUNTY OF DENVER)

Pursuant to 28 U.S.C. §1746(2), I hereby declare under the penalty of perjury that the following is true and correct:

1. I am more than eighteen years of age, and understand the nature and obligation of

an oath. I have personal knowledge of the facts and circumstances contained in this Declaration, and each of them is true and correct. I submit this Declaration in opposition to the motion of defendants Hennessee Group LLC ("Hennessee"), Elizabeth Lee Hennessee and Charles A. Gradante (collectively, "Defendants") to stay this proceeding and to compel arbitration.

2. I respectfully submit that South Cherry LLC ("South Cherry") has never -- directly or through an "agent" -- agreed to arbitrate any dispute with Defendants, and therefore is not bound by the arbitration clause Defendants are seeking to enforce.

3. I am legally and beneficially the owner of 100% of the membership interest in South Cherry, and have been so at all times since South Cherry's formation. Craig Bollman has never been a member or manager of South Cherry. Craig Bollman has never owned an interest in South Cherry.

4. South Cherry, which is named after the Denver Street on which I formerly maintained an office, is a Delaware limited liability company. It has two members. In my individual capacity, I own 99% of the membership interest in South Cherry. The remaining 1% interest in South Cherry is owned by its manager, South Cherry Street Investment Corp. ("SCSIC"), a Delaware corporation. I am the sole shareholder, officer and director of SCSIC, and have been at all times since SCSIC was incorporated. Craig Bollman has never owned an interest in SCSIC, nor has he ever been an officer or director of SCSIC. Attached hereto as Exhibit A is a true and correct copy of South Cherry's Operating Agreement, which identifies its members and their respective membership interests. Attached hereto as Exhibit B is a true and correct copy of the share certificate of SCSIC showing my ownership.

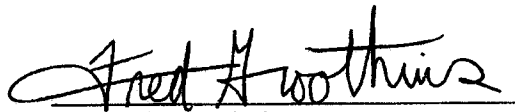
5. Hennessee has always understood that I speak for South Cherry. I regularly received correspondence from both Bayou relating to South Cherry's investments, some

examples of which are attached as Exhibit C. I also received correspondence from Hennessee relating to South Cherry.

6. When the Bayou Management (“Bayou”) scandal was first discovered in August and September 2005, Hennessee sought out one of its investors to commence, at its expense and through its attorneys, a proceeding to attach Bayou’s assets. At Hennessee’s urging, South Cherry agreed to bring this proceeding, and accordingly, Hennessee’s attorneys drafted papers to bring an Order to Show Cause against Bayou in the New York courts. The affidavit Hennessee’s attorneys drafted for me to sign correctly recognized that I was (and remain) “the president and sole owner of [SCISC]... and correctly referred to “my decision to invest in [Bayou].” (emphasis added).

7. South Cherry has not signed an Investment Advisory Agreement with Hennessee, and Craig Bollman was not South Cherry’s “agent” for purposes of binding South Cherry to such an agreement or to an arbitration provision. On South Cherry’s behalf, I respectfully submit that any agreement Mr. Bollman may have signed did not, and could not, obligate South Cherry to arbitrate this dispute.

Dated: Denver, Colorado
June 21, 2006


Fred Groothuis